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PPL companies

Ms. Gwen R. Pinson, Executive Director
Kentucky Public Service Commission
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Frankfort, KY 40602-0615

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March 29, 2018

RE: Joint Application of PPL Corporation, E.ON AG, E.ON US Investments Corp., E.ON U.S. LLC, Louisville Gas and Electric Company, and Kentucky Utilities Company for Approval of an Acquisition of Ownership and Control of Utilities (Case No. 2010-00204)

Dear Ms. Pinson:

Pursuant to the Commission's Orders in the aforementioned case, LG&E and KU Energy LLC ("LKE"), Louisville Gas and Electric Company ("LG&E"), and Kentucky Utilities Company ("KU") (collectively "the Companies") hereby submit an original and four (4) copies of selected annual filings required in the above referenced matter.

The Companies are submitting the following information to the Commission:

- Annual Expenditures for Charitable Contributions and Economic Development;
- Annual Update Report on Economic Development Activities with the LG&E and KU Service Territories;
- LKE's Share of PPL Corporation Total Assets, Operating Revenues, O&M, and Number of Employees;
- LG&E's and KU's Service Quality and Reliability Reports; *and*
- Three-Year Capital Budgets for LG&E and KU

Ms. Gwen R. Pinson, Executive Director
March 29, 2018

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed extra copy and returning it in the enclosed self-addressed envelope. Should you require any additional information about these matters, please contact me or Don Harris at 502-627-2021.

Sincerely,

A handwritten signature in blue ink that reads "Rick E. Lovekamp". The signature is written in a cursive style with a large initial "R" and "L".

Rick E. Lovekamp

Louisville Gas and Electric Company
Kentucky Utilities Company
LG&E and KU Foundation Inc.
Schedule of Charitable Contributions
December 31, 2017
(\$ 000's)

Submitted pursuant to the Commission's Order in Case No. 2010-00204
Response to Appendix C, Commitment Nos. 1, 36, and 38

Year	LG&E	KU	Foundation
	Actual	Actual	Actual
1997	147	388	1,176
1998	135	453	1,271
1999	102	107	2,312
2000	146	52	2,295
2001	160	48	2,207
2002	64	144	2,158
2003	178	95	1,185
2004	184	157	2,158
2005	641	259	1,268
2006	1,551	605	923
2007	1,148	478	1,028
2008	1,010	428	873
2009	867	532	768
2010	1,640	716	666
2011	1,859	1,055	679
2012	2,259	1,111	762
2013	2,619	1,246	839
2014	2,920	1,597	697
2015	3,972	1,651	781
2016	4,086	1,538	627
2017	3,241	1,527	625

Louisville Gas & Electric Company
Kentucky Utilities Company
Schedule of Economic Development Expenditures ¹
December 31, 2017
(\$ 000's)

Submitted pursuant to the Commission's Order in Case No. 2010-00204
Response to Appendix C, Commitment Nos. 1 and 38

Year	LG&E	KU
	Actual	Actual
1997	842	1,296
1998	571	1,111
1999	576	1,359
2000 ²	681	988
2001	991	1,475
2002	996	1,451
2003	896	1,401
2004	863	1,361
2005	1,031	1,546
2006	1,130	1,698
2007	1,184	1,775
2008	1,175	1,761
2009	1,267	1,901
2010	1,286	1,930
2011	1,295	1,942
2012	1,167	1,752
2013	1,294	1,942
2014	1,220	1,826
2015	1,194	2,366
2016	1,081	1,940
2017	1,218	2,017

- Note(s):**
- 1.- Economic development includes those activities to retain existing businesses and industries, to expand existing businesses and industries, and to attract new businesses and industries.
 - 2.- In the filing for 2000, the results were inadvertently reversed and, consequently, showed \$681,000 for KU and \$988,000 for LG&E. The 2000 results were corrected with the March 2003 filing which provided data through the year-ending December 31, 2002.

**LG&E and KU Energy LLC, Louisville Gas and Electric Company
and Kentucky Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 1

During 2017, there were 156 announced new and expanding companies in the LG&E and KU service territories as noted by the Kentucky Cabinet for Economic Development (KCED). The investment totaled \$4 billion and resulted in 7,580 jobs. There were an additional 21 announcements within the service territory of the municipal utilities where LG&E and KU provide electricity. A sampling of announced projects company representatives were actively involved included: Altech Industries, Cabot Corp., Ford Motor Co., Grainger, Richmond Auto Parts, Asahi Bluegrass Forge, Takigawa Corp., UPS Supply Chain Solutions and Toyota Motor Manufacturing.

The LG&E and KU economic development website is regularly updated to include economic development incentives, tariff changes, regional business parks, company announcements/expansions and additional relevant information for site consultants and developers to review. Sites and buildings are marketed on our website through Think Kentucky's 'Kentucky Select' databank link. The databank showcases communities, sites and buildings available across Kentucky. Each site or building has a community profile, aerial photography and demographics available for consultants, real estate professionals and companies looking to locate and expand. LG&E and KU is regularly evaluating its economic development website as the utility industry continues to transform.

In 2017, the Companies continued to promote its business solar program and community solar programs to help attract companies with sustainability goals and will only locate and expand in areas where the utility offers a renewable energy solution. The community solar program gives businesses, which are unable to locate a solar array on their property, a renewable solution on a subscription basis.

LG&E and KU maintains a strong leadership position in preparing communities for economic opportunities. The Companies work in tandem with local, regional and statewide officials to ensure adequate electric and natural gas facilities are available to support new developments. The economic development team continues to provide leadership to the Kentucky Association for Economic Development (KAED), chairing the KAED Foundation board in 2017. KAED is the chief vehicle through which economic development professionals build skills, advocate issues and share best practices. The team plays an integral role in the development of training programs, the sharing of best practices, serves on key committees and provides ideas for an enhanced public policy program to increase support for economic development throughout Kentucky.

KAED's KentuckyUnited initiative promotes the state as a business destination for new and expanding businesses. LG&E and KU partners in the KentuckyUnited marketing effort to attract and promote its communities to site selectors and companies interested in expanding their facilities. Additionally, the economic development team provides leadership on the steering committee and with the implementation of the 2016 strategic plan. The company participated in

business development missions to California, Texas, New York, New Jersey, Massachusetts, Arizona, Illinois, Michigan, Georgia, and in-state consultant events in Covington, Owensboro and Bowling Green, Kentucky.

In 2017, LG&E and KU economic development team directly marketed Kentucky's amenities nationwide by hosting the Medical Design Manufacturers trade show in Anaheim, California. Lexington, Kyndle-Henderson, Lebanon, Madisonville, Muhlenberg, Danville, Owensboro, Frankfort, Northern KY, KAED and KCED participated in this marketing endeavor.

LG&E and KU continued its long-term commitment to Bracken and Marion Counties through zero interest loans of \$361,550 to assist in the development of industrial land. This support has ensured these communities maintained opportunities to attract jobs and investments in areas of economic hardship.

In 2017, LG&E and KU economic development rider (EDR) assisted seven companies with \$1,210,262 in demand reduction credits on their electric utility bill. The EDR is designed to promote economic development efforts and encourage brownfield development. These seven companies were new or existing customer expansions with 1,000 kVA or more.

LG&E and KU representatives closely monitored key economic data and trends. The economic development representatives continued participation in the Industrial Asset Management Council (IAMC) Forum. IAMC is a membership organization of more than 300 real estate executives. The objective is to build relationships with companies, consultants and real estate developers, as well as updating them on the new and ever-changing developments within the state and with LG&E and KU. The team maintains a board position with the Utility Economic Development Association (UEDA). This organization assists utility professionals in understanding the ever changing U.S. electric and gas business. This organization is the only investor owned utility group in the country devoted to economic development best practices.

LG&E and KU economic development representatives are active in many economic and community organizations throughout the state: KY Institute for Economic Development, World Trade Center KY, Richmond Industrial Development Corporation, Kyndle-Henderson, Bluegrass Kiwanis, KY Higher Education Assistance Authority/Student Loan Corp., Lexington Housing Authority, Bluegrass Tomorrow, Bluegrass Higher Education Consortium, Business and Education Network, Southeast KY Economic Development Corporation, Bluegrass South, Commerce Lexington, Greater Louisville Inc.'s Advance Louisville, Louisville Forward, Bluegrass Alliance, Jeffersontown Economic Development Authority, Taylor County Industrial Foundation and many committees of the local industrial foundations, chambers and authorities.

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky
Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 19

The following information is LG&E and KU Energy LLC's proportionate share of selected PPL Corporation financial and operating numbers for the year-ended December 31, 2017 as stipulated in the aforementioned Commission's Order:

	LG&E and KU Energy LLC
Total Assets	35.7%
Operating Revenues	42.4%
Operating and Maintenance Expense	49.3%
Number of Employees	27.7%

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky
Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 29

Appendix C, Commitment No. 29 specifies that the Companies submit the periodic reporting of “various reliability and service quality measurements”. However, in Administrative Case No 2006-00494, *An Investigation of the Reliability Measures of Kentucky’s Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices*, dated October 26, 2007, the Companies are required to file similar reports and therefore were relieved on this reporting requirement (also see Commission’s Order dated July 16, 2008 for Case Nos. 2000-00095 and 2001-00104).

**LG&E and KU Energy LLC, Louisville Gas and Electric Company, and Kentucky
Utilities Company**

CASE NO. 2010-00204

Response to Appendix C, Commitment No. 1

The filing of the current Three-Year Capital Budget information is being submitted in response to Case No. 2010-00204, Appendix C, Commitment No. 1 which stipulates that the Companies will comply with all previous merger, change of control, and holding company Orders. However, more specifically, Case No. 2000-095, Summary of Findings No. 15 requires the Companies to annually file their current 3-year capital budgets, including an explanation for any reductions in the capital budget items greater than 10 percent.

**Louisville Gas and Electric Company
Kentucky Utilities Company
Three-Year Capital Budgets
[\$ 000,000's]**

**Submitted pursuant to the Commission's Order in Case No. 2010-00204
Response to Appendix C, Commitment No. 1**

				Change from Prior Report [Increase; (Decrease)]	
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2018</u>	<u>2019</u>
Louisville Gas and Electric Company -					
Generation	\$ 127	\$ 108	\$ 35	\$ 23	\$ 27
Distribution	223	265	233	\$ (0)	\$ 37
Transmission	27	36	36	\$ (5) ¹	\$ (38) ²
Environmental	176	83	38	\$ (25) ³	\$ 5
Other	58	97	94	\$ (44) ⁴	\$ 5
Total	<u>\$ 611</u>	<u>\$ 589</u>	<u>\$ 436</u>	<u>\$ (51)</u>	<u>\$ 36</u>
Kentucky Utilities Company -					
Generation	\$ 111	\$ 145	89	\$ 3	\$ 31
Distribution	124	123	127	\$ 8	\$ 3
Transmission	117	133	154	\$ 5	\$ 7
Environmental	253	108	53	\$ 16	\$ (23) ³
Other	61	99	94	\$ (45) ⁴	\$ 5
Total	<u>\$ 666</u>	<u>\$ 608</u>	<u>\$ 518</u>	<u>\$ (13)</u>	<u>\$ 23</u>

Notes

1. Least cost alternatives identified for planned projects - 2019
2. Timing changes for transmission expansion plan - 2018
3. Delay in effluent water guidelines - 2018 & 2019
4. Advanced Metering System - 12 month delay